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C O N F I D E N T I A L SECTION 01 OF 02 ABUJA 001138

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SUBJECT: NIGERIA: OIL COMPANIES COURT DELTA MILITANTS

Classified by Ambassador Howard F. Jeter; reasons 1.5 (b) and (d).

1.(C/NF) SUMMARY: With no discernible progress in the three month-old Warri crisis, ChevronTexaco (CTX) appears to be talking to the armed Ijaw militants who killed scores of people when they attacked and razed over 40 Itsekiri villages and several oil installations. According to sources, CTX appears to be seeking a modus vivendi with the militants. While it may provide a short-term remedy allowing CTX to up production, any compromise with the Ijaw militants will only enhance their power and status and will whet their appetite for more money and control of the local area. END SUMMARY

2.(C/NF) In a June 24 meeting with Embassy ECON and Political Officers, Ijaw leader Chief Edwin K. Clark stated that ChevronTexaco Manager for Community Relations Awotorafa visited him in Port Harcourt. According to Clark, Awotorafa had earlier shown up in Warri (near Clark's home in Uwhelli, Delta State) seeking an urgent meeting with the Ijaw leader. Awotorafa, an ethnic Ijaw, explained that he sought Clark's help in brokering a meeting with the Federated Niger Delta Ijaw Communities (FNDIC), the militant Ijaw youth organization in the Warri area. Clark and Awotorafa reportedly agreed on a meeting at Clark's residence for June 19.

3.(C/NF) On June 18, however, the Chevron manager contacted Clark to postpone the meeting until July 10. Clark recounted that the FNDIC officials had already begun arriving at his residence from their remote bases in the creeks of Warri, and this last-minute postponement caused great consternation.

4.(C/NF) According to Clark, Awotorafa stated that Chevron is anxious to resume production at the wells and flow stations of the Warri area and wants to negotiate terms for resumption of operations with the FNDIC militants. The Chevron representative reportedly asked Clark to identify what the armed youth group wanted in return for Chevron's safe resumption of production.

5.(C/NF) Embassy's Corporate Responsibility Officer (CRO) asked Clark if these prospective negotiations would lead to a request that Chevron pay the FNDIC militants money. Clark avowed that he would not solicit a payoff but emphasized that his role would be solely that of facilitator; he would excuse himself from the direct negotiations and, therefore, would not be involved in the terms of an agreement.

6. In a June 25 meeting with EMBOFFs, FNDIC Advisor Daniel Ekpedithe confirmed Chevron overtures to his group. He added that the FNDIC welcomes direct talks with Chevron, which it views as decidedly anti-Ijaw in the past. While also denying that the FNDIC seeks a cash payoff from Chevron, Ekpedithe stated that Chevron would have to agree to "concessions" to the Ijaw, including a redistribution of benefits to the various local ethnic communities (e.g. jobs, scholarships and community development projects) that would be more favorable to the Ijaw of Warri.

7.(C/NF) Both Clark and Ekpedithe separately confirmed that Clark had brokered a meeting between FNDIC leaders and representatives of the Nigerian National Petroleum Corporation (NNPC) earlier in the month. NNPC requested the meeting to negotiate an agreement allowing a NNPC sub-contractor access to repair an oil pipeline in the Escravos area of Warri. The pipeline goes to a refinery in Kaduna. (Comment: Bombings, which occurred a month after the outbreak of hostilities in Warri, ruptured the pipeline in seven areas and effectively shut down one of Nigeria's only two operational refineries. The attacks were presumably the work of the FNDIC. End Comment) Clark and Ekpedithe claim that a deal was reached, which tracks with press reports that NNPC has been granted access to repair the damaged pipeline.

NNPC and its sub-contractor can work securely -- protected by FNDIC -- and the repaired pipeline will be protected from

further sabotage.

8.(C/NF) According to several outside sources, including CTX officials and NGOs in the Delta, NNPC paid approximately 7 million naira (\$55,000) to the militants for permission to repair the pipeline. This is a source of irony. The Ijaw militants are a challenge to government authority, yet NNPC -- a government entity -- actually paid the militants who in turn will become a stiffer challenge to the GON's writ in the Warri area.

9.(C/NF) Comment: Chevron is no doubt feeling intense economic pressure to bring wells back on-line. Its management may have reluctantly decided to follow NNPC's lead and negotiate with the armed militants. For now, the Federal Government appears unwilling to reassert its authority around Warri. FNDIC controls the area's waterways and, at the moment, is the guarantor of security or the purveyor of violence in the area. Right now it is the ultimate authority and companies wanting to operate in the area have to consult its leaders.

10.(C/NF) Comment Cont'd: ChevronTexaco is not likely to publicize its approach to FNDIC. CTX's last minute postponement of discussions with FNDIC --after its initial request -- may indicate the company has reservations and would like an alternative to dealing with the insurgents. Although the militants do not admit that a payoff is sought from CTX, this is most certainly their objective. While this stop gap may allow the company to resume operations, any payment will promote FNDIC's prowess, allowing it to become stronger and more entrenched, presenting an even greater danger to major U.S. and other oil interests in the Niger Delta.  
JETER